



**6450-01-P**

**DEPARTMENT OF ENERGY**

**Federal Energy Regulatory Commission**

**18 CFR Part 35**

**[Docket No. RM18-1-000]**

**Grid Resiliency Pricing Rule**

**AGENCY:** Federal Energy Regulatory Commission, Department of Energy.

**ACTION:** Notification of extension of time to take final action on the proposed rule.

**SUMMARY:** On October 10, 2017, the Department of Energy (the Department or DOE) published a proposed Grid Resiliency Pricing Rule for final action by the Federal Energy Regulatory Commission (Commission or FERC). Secretary of Energy Rick Perry (the Secretary) directed FERC either to publish an immediately-effective interim rule or to take final action on the proposed rule within 60 days of publication, thereby establishing a deadline of December 11, 2017. By letter dated December 7, 2017, the Commission requested an extension of the proposed rule's deadline. By letter dated December 8, 2017, the Secretary granted the Commission's request. The Secretary's letter is set forth in full below.

**DATES:** The Commission is granted an extension for final action on the proposed rule published in the *Federal Register* on October 10, 2017 (82 FR 46940) by Wednesday, January 10, 2018.

**FOR FURTHER INFORMATION CONTACT:** Ronald (R.J.) Colwell, U.S. Department of Energy, Office of the Assistant General Counsel for Electricity and Fossil Energy (GC-76), Forrestal Building, Room 6D-033, 1000 Independence Avenue SW, Washington, DC 20585; (202) 586-9507; email *ronald.colwell@hq.doe.gov*.

**SUPPLEMENTARY INFORMATION:** On October 10, 2017, pursuant to authority in section 403 of the Department of Energy Organization Act, 42 U.S.C. 7173, the Department published a proposed Grid Resiliency Pricing Rule for final action by the Commission. 82 FR 46940. The Secretary proposed that the Commission exercise its authority under the Federal Power Act (FPA) to establish just and reasonable rates for wholesale electricity sales. Under the proposal, the Commission would impose rules on Commission-approved independent system operators (ISOs) and regional transmission organizations (RTOs) to ensure that certain reliability and resilience attributes of electric generation resources are fully valued. The Secretary directed the Commission to take final action on this proposal within 60 days of publication of the proposed rule in the *Federal Register* or, in the alternative, to issue the rule as an interim final rule immediately, with provision for later modifications after consideration of public comments. By letter dated December 7, 2017, the Commission requested an extension of time to take final action on the proposed rule (the letter is available at <https://www.ferc.gov/DOE-letter.pdf>). By letter dated December 8, 2017, the Secretary granted FERC's request,

setting a new deadline of Wednesday, January 10, 2018, for action by the Commission. In the letter, the Secretary stated that the Commission is nevertheless authorized to act at any time prior to this deadline and urged the Commission to act expeditiously. The Secretary's letter is set forth, in full, below.

Issued in Washington, DC on December 13, 2017.

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Bernard L. McNamee  
Deputy General Counsel for Energy Policy  
Office of the General Counsel,  
U.S. Department of Energy

December 8, 2017

The Honorable Kevin J. McIntyre, Chairman  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: *The Secretary of Energy's Granting of the Request for an Extension of Time for the Commission to Take Final Action on the Proposed Grid Reliability and Resiliency Pricing Rule, FERC Docket No. RM18-1-000*

Dear Chairman McIntyre:

On December 7, I received your request for an extension of time ("Extension Request") for the Federal Energy Regulatory Commission ("Commission") to take final action on the proposed Grid Resiliency Pricing Rule in the Notice of Proposed Rulemaking ("Notice" or "Proposal") published in the Federal Register on October 10, and referenced in the above-captioned FERC docket.

In the Notice and in my accompanying letter of September 28, I made clear that there is a problem today and that urgent action is required to reform the Commission's market rules. I stated that, in light of serious threats to the nation's electricity grid, it is the Commission's immediate responsibility to take action to ensure that generation resources with on-site fuel supplies and the ability to provide essential energy and ancillary reliability services including voltage support, frequency services, operating reserves, and reactive power are fully valued and, in particular, to exercise its authority to develop new market rules that will achieve this urgent objective. In the letter I further stated that failure to act expeditiously would be unjust, unreasonable, and contrary to the public interest. The voluminous comments filed in the record of this proceeding provide substantial evidence of, and otherwise confirm, the threat to the nation's electricity grid and the urgent need for Commission action to reform market rules to preserve fuel-secure generation resources.

Because of the urgency of this matter, the 60-day deadline imposed in the Notice is reasonable within the meaning of Section 403 of the Department of Energy Organization Act and is otherwise compliant with applicable law. The better course would be for the Commission to adopt the Proposal within this reasonable deadline. If the Commission fails to adopt the Proposal within the original deadline for the reasons stated in the Extension Request, the security of our nation's electric grid will continue to be at risk.

However, I understand that Section 403 assigns the Commission the responsibility to take final action on the Proposal within the reasonable time period set forth by me and it is solely within

my authority under Section 403 to grant an extension of time for final action. On the assumption that the Commission cannot act on the proposal within the 60-day deadline, I hereby grant the request for an extension of time for the Commission to deliberate and take final action on the Grid Resiliency Pricing Rule for an additional 30 days.<sup>1</sup> The new deadline is Wednesday, January 10, 2018. The Commission is nevertheless authorized to act at any time prior to this deadline and I urge the Commission to act expeditiously. During this additional period, the Department will continue to examine all options within my authority under the *Department of Energy Organization Act*, the *Federal Power Act*, and any other authorities to take remedial action as necessary to ensure the security of the nation's electric grid.

I continue to believe that urgent action must be taken to ensure the resilience and security of the electric grid, which is so vitally important to the economic and national security of the United States. I look forward to the Commission taking final action in this matter for the benefit of the American people.

Sincerely,

Rick Perry

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<sup>1</sup> This extension is granted pursuant to my authority under section 403 of the Department of Energy Organization Act, among other powers and authorities granted to me by law.

